

**State of Indiana
Office of the Secretary of State**

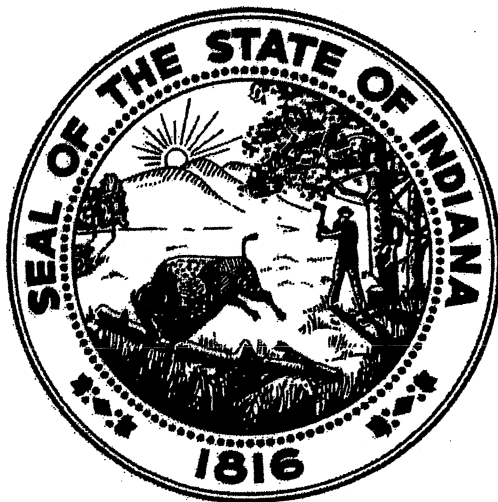
CERTIFICATE OF INCORPORATION

of

THE RECOVERY HIGH SCHOOL AT FAIRBANKS, INC.

I, TODD ROKITA, Secretary of State of Indiana, hereby certify that Articles of Incorporation of the above Non-Profit Domestic Corporation have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Nonprofit Corporation Act of 1991.

NOW, THEREFORE, with this document I certify that said transaction will become effective Wednesday, June 29, 2005.



In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, June 29, 2005.

A handwritten signature in cursive script that reads "Todd Rokita".

TODD ROKITA,
SECRETARY OF STATE

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APPROVED
AND
FILED

**ARTICLES OF INCORPORATION
OF**

RECEIVED
CORPORATIONS DIV.

THE RECOVERY HIGH SCHOOL AT FAIRBANKS, INC.

JUN 29 PM 4:00

The undersigned incorporator, desiring to form a corporation existing pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991, as amended, (the "Act"), executes and sets forth the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is The Recovery High School at Fairbanks, Inc. (the "Corporation").

ARTICLE II

Type of Corporation

The Corporation is a non-profit, public benefit corporation.

ARTICLE III

Members

The Corporation shall have one (1) member ("Member"), namely Fairbanks Hospital, Inc.

ARTICLE IV

Purposes, Powers and Prohibited Activities

Section 1 Purposes. The Corporation is a public benefit corporation organized and operated exclusively for the following purposes as may qualify it for exemption from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding provisions of any future United States internal revenue law (the "Code"), and the Treasury Regulations promulgated thereunder (the "Regulations"), and as may qualify contributions to it for deductions under Section 170(c)(2), Section 2055(a)(2) and Section 2522 of the Code and the Regulations promulgated thereunder:

- (a) The primary purposes of the Corporation shall include:
- (i) To organize, operate and manage a high school as a "charter school" in accordance with the provisions of Indiana Code 20-5.5-1-1, *et seq.*, which will be located in Indianapolis, Indiana primarily for public school students recovering from alcoholism and/or drug addiction;
 - (ii) To provide a safe, sober and challenging school experience for high school students recovering from alcoholism and/or drug addiction;
 - (iii) To serve the unique needs of recovering high school students and their families for both recovery support and attainment of a high quality education;
 - (iv) To serve the different learning styles and needs of public school students;
 - (v) To offer public school students appropriate and innovative choices;
 - (vi) To empower committed volunteers and donors to share compassion and resources for the educational and related benefits to be provided by the Corporation; and
 - (vii) To engage in any and all activities necessary or appropriate to raise funds for the purposes of the Corporation, including, but not limited to, the solicitation of direct or indirect contributions from public and private sources wherever located.
- (b) The Corporation shall be organized and operated exclusively for public charitable, religious, scientific, testing for public safety, literary or educational purposes which purposes then qualify it for exemption from Federal income tax under the provisions of Section 501(c)(3) of the Code and as then qualify contributions to it for deductions under Section 170(c)(2), Section 2055(a)(2) and Section 2522 of the Code.
- (c) In furtherance of the foregoing purposes, the Corporation shall be authorized and empowered to exercise all power and authority granted to it under the Act; provided, however, that the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this Corporation.

Section 2 **Powers.** Except as otherwise provided in these Articles of Incorporation, the Corporation shall have, hold, enjoy and exercise any and all rights, privileges and powers vested in or conferred upon a corporation organized under the Act.

Section 3 **Prohibited Activities.**

- (a) No part of the Corporation's income, corpus or principal assets shall ever inure to the benefit of, or be distributable to, directly or indirectly, any private individual, and no director or officer of the Corporation may or shall receive any pecuniary benefit from the same; provided, however, that private individuals may be paid such reasonable compensation for services actually rendered and that are necessary to organize the Corporation and to carry out the purposes of the Corporation, as may be fixed in the manner provided by the Board of Directors. No individual shall be precluded from taking such employment and reasonable compensation by reason of the fact that he or she is a director or officer of the Corporation. The Corporation is expressly precluded from advancing or loaning its directors, officers or employees any money or property.
- (b) The Corporation shall not in any manner or to any extent participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office, nor shall a substantial part of its activities consist of carrying on propaganda or otherwise attempting to influence legislation or any political campaign on behalf of (or in opposition to) any candidate for public office.
- (c) The Corporation shall not accept gifts or other contributions if the use or expenditure of the gift or contribution is subject to any condition which is inconsistent with the purposes of the Corporation as set forth in Section 1 of this Article IV.
- (d) The Corporation shall not conduct or carry on any activities prohibited from being conducted or carried on by an organization exempt from Federal income tax under Section 501(c)(3) of the Code, and the Regulations promulgated thereunder, or by a Corporation, contributions to which are deductible under Section 170(c)(2), and which also are described in Section 2055(a)(2) or Section 2522 of the Code.
- (e) The Corporation shall make no advancements for services to be performed in the future, nor shall the Corporation make any loan of money or property, to any director or officer of the Corporation, other than advances of expenses in connection with a possible indemnification matter.
- (f) Notwithstanding any other provisions of these Articles of Incorporation, the Act, or any other law, rule or regulation, in the event that the Corporation is classified as a private foundation under Section 509 of the Code, the Corporation shall:
 - (i) Distribute during each taxable year amounts sufficient to avoid liability for the tax imposed by Section 4942 of the Code.
 - (ii) Not engage in any act of self-dealing as defined in Section 4941(d) of the Code.

- (iii) Not retain any excess business holdings as defined in Section 4943(c) of the Code.
- (iv) Not make any investment in such manner as to subject the Corporation to tax under Section 4944 of the Code.
- (v) Not make any taxable expenditure as defined in Section 4945(d) of the Code.

ARTICLE V

Registered Agent and Registered Office

Section 1 **Registered Agent.** The name and street address of the Corporation's registered agent for service of process is William R. Neale, Esq., One Indiana Square, Suite 2800, Indianapolis, Indiana 46204.

Section 2 **Registered Office.** The address of the registered office of the Corporation is c/o William R. Neale, Esq., Krieg DeVault LLP, One Indiana Square, Suite 2800, Indianapolis, Indiana 46204.

ARTICLE VI

Incorporator

The name and address of the Incorporator of the Corporation is:

Fairbanks Hospital, Inc.
8102 Clearvista Parkway
Indianapolis, Indiana 46256

ARTICLE VII

Distribution of Assets on Dissolution

Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation and returning grants, if any, owing to the State of Indiana, distribute all the remaining assets of the Corporation exclusively for nonprofit educational purposes in such a manner, or to such organization(s) organized and operated exclusively for public, charitable, religious, scientific, testing for public safety, literary or educational purposes, which purposes then qualify such organization or organizations for exemption from Federal income tax under the provisions of Section 501(c)(3) of the Code, as the Board of Directors shall determine. Moreover, in the event of dissolution of the Corporation, any remaining funds received from the Indiana Department of Education (the "Department") shall be returned to the Department not more than thirty (30) days after

dissolution, and any funds after the Department's funds have been returned shall be used exclusively for nonprofit educational purposes.

ARTICLE VIII

Board of Directors

Section 1 **Authority of Board.** Management of the property, affairs, business and activities of the Corporation shall be supervised and directed by the Board of Directors. The Board of Directors shall possess and may exercise all the powers and authority granted to the Corporation by the Act, by these Articles of Incorporation or by the By-Laws of the Corporation, as now or hereafter in effect.

Section 2 **Number, Term and Appointment of Directors.** The exact number of members of the Board of Directors shall be prescribed from time to time according to the By-Laws of the Corporation; provided, however, that under no circumstances shall the minimum number of members of the Board of Directors be less than three (3).

Section 3 **Compensation of Directors.** The directors of the Corporation shall serve on a volunteer basis and not be compensated for their service to the Corporation.

ARTICLE IX

Provisions for Regulation and Conduct of the Affairs of Corporation

In addition to the By-Laws and consistent with the Act, the following provisions for the regulation and conduct of the affairs of the Corporation, and for the creation, definition, limitation or regulation of the powers of the Corporation and its directors, shall apply:

Section 1 **Amendment of Articles of Incorporation.** The Corporation reserves the right to amend, alter, change or repeal any provisions contained in these Articles of Incorporation or any amendment hereto, in any manner now or hereafter prescribed or permitted by the Act or any amendment thereto, provided, however, that no corporate action purporting to amend the Articles of Incorporation shall be effective unless that action is approved and adopted, in writing, by the Corporation's Member, and such power of amendment shall not authorize any amendment which would have the effect of disqualifying the Corporation as a tax-exempt organization under the provisions of Section 501(c)(3) of the Code or would have the effect of disqualifying contributions to the Corporation for deduction under Section 170(c)(2), Section 2055(a)(2) or Section 2522 of the Code.

Section 2 **Adoption and Amendment of By-Laws.** The Corporation reserves the right to make, amend, alter, change or repeal any provisions contained in the By-Laws of the Corporation or in any amendment thereto, by a majority vote of the members of the Board of Directors; provided, however, that no corporate action purporting to amend the Corporation's By-Laws shall be effective unless that action is approved and adopted, in writing, by the Corporation's Member, and such power shall not authorize any amendment, alteration, change or

repeal which would have the effect of disqualifying the Corporation as a tax-exempt organization under Section 501(c)(3) of the Code or would have the effect of disqualifying contributions to the Corporation for deduction under Section 170(c)(2), Section 2055(a)(2) or Section 2522 of the Code.

I hereby verify, subject to the penalties for perjury, that the facts contained herein are true.

FAIRBANKS HOSPITAL, INC.

By: Helene Cross
Helene Cross, President and
Chief Executive Officer

This instrument was prepared by Matthew S. Carr, Attorney at Law, Krieg DeVault LLP, One Indiana Square, Suite 2800, Indianapolis, Indiana 46204.

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June 28, 2005

David Harris
Indianapolis Charter Schools Director
Office of the Mayor
200 East Washington Street
2501 City-County Building
Indianapolis, Indiana 46204

Dear Mr. Harris:

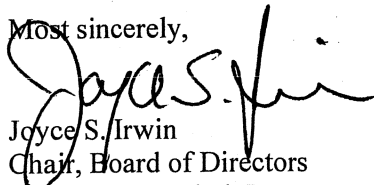
In my many years of professional employment and community volunteerism, there has been no time like this. Serving as Chair of the Board of Fairbanks Hospital, Inc. I have the awesome responsibility of leading the corporation during what I believe is one of the milestone times in Fairbanks' sixty-year history, namely, developing a recovery high school for adolescents.

The statistics for adolescents related to relapse following treatment for drug and alcohol addiction, coupled with the subsequent rate of expulsion or dropping out of school, were the prime motivation behind the board interest in pursuing the notion of a school. We want to do more to support these young adults. After exploring several models of school development, we choose the charter route. Fortunately, we live in a community where thanks to leaders such as Senator Teresa Lubbers and Mayor Bart Peterson this option is available to us. We are grateful.

Fairbanks has filed the Articles of Incorporation to create a new corporation to operate the school. Fairbanks intends to financially support that operation. We did our due diligence regarding a financial review of the implications of developing a charter school. We will wherever possible through economies of scale help to reduce expenses by way of contracts for service between the corporations. Yet, the Fairbanks Board of Directors is well aware that in the early years of operation the school will need assistance beyond that help and beyond the normal payments for general tuition support identified with an Indiana public school. The budget included in this application shows the operating loss. We intend to work with our community partners to raise dollars through philanthropy to help, but ultimately, we fully understand that Fairbanks will be responsible for the schools financial success.

Thank you also for this opportunity. I cannot think of a higher calling than one that adds to the academic success of today's youth. It is our future. Thank you also for the assistance you have given our President and CEO, Helene Cross, during the application process. Helene and her team have mentioned throughout this time how professional and helpful you have been. We look forward to continuing this relationship working together for our youth.

Most sincerely,


Joyce S. Irwin
Chair, Board of Directors
Fairbanks Hospital, Inc.

*Approved and Adopted
by the Board of Directors
to be Effective on
_____, 2005*

**BY-LAWS
OF
THE RECOVERY HIGH SCHOOL AT FAIRBANKS, INC.**

ARTICLE I

Name

The name of the corporation is The Recovery High School at Fairbanks, Inc. ("Corporation").

ARTICLE II

Fiscal Year

The fiscal year of the Corporation shall begin each year on the first day of January and end on the last day of December of each year.

ARTICLE III

Meetings of the Member

Section 1 . **Place of Meeting.** Meetings of the member ("Member") of the Corporation shall be held at such place, within or outside the State of Indiana, as may from time to time be designated by the Member, or as may be specified in the notices or waivers of notice of such meetings.

Section 2 **Annual Meeting.** The annual meeting of the Member for the election of directors, and for the transaction of such other business as may properly come before the meeting, shall be held during the month of April in each year on such date and at such time as the Member may set by resolution. The failure to hold the annual meeting during any year shall not work any forfeiture or a dissolution of the Corporation and shall not affect otherwise valid corporate acts. Such annual meeting shall be held at the same time and place, and in conjunction with, the annual meeting of the Board of Directors.

Section 3 **Special Meetings.** Special meetings of the Member, for any purpose or purposes, unless otherwise prescribed by the Indiana Nonprofit Corporation Act of 1991, as amended (the "Act"), applicable Indiana law or the Articles of Incorporation, may be called by the Board of Directors or at the request of the Member entitled by the Articles of Incorporation to vote on the business for which the meeting is being called.

Section 4 **Notice of Meetings.** A written or printed notice, stating the place, day and hour of the meeting, and in case of a special meeting, or when required by any other provision of the Act, or of the Articles of Incorporation, as now or hereafter amended, or these By-Laws, the purpose or purposes for which the meeting is called, shall be delivered or mailed by the Secretary, or by the persons calling the meeting, to the Member of record entitled by the Articles of Incorporation and by the Act, to vote at such meeting at least ten (10) days before the date of the meeting. Notice of any such meeting may be waived

in writing by the Member, and attendance at any meeting in person shall constitute a waiver of notice of such meeting. If a Member, in the manner above provided, waived notice of a meeting of the Member, or personally attended a meeting of the Member, or was represented thereat by a proxy authorized to appear by an instrument of proxy, the Member shall be conclusively presumed to have been given due notice of such meeting. A written or printed notice of any adjourned meeting shall be delivered or mailed to the Member at least ten (10) days before the date of such adjourned meeting, which notice shall state the fact of adjournment, the reasons for adjournment and the place, day and hour of the adjourned meeting.

Section 5 **Voting at Meetings.**

- (a) **Quorum.** The presence of the Member of the Corporation entitled to vote at such meeting shall constitute a quorum at all meetings of the Member for the transaction of business, except where otherwise provided by the Act, applicable Indiana law, the Articles of Incorporation or these By-Laws. In the absence of a quorum, any officer entitled to preside at, or act as secretary of, such meeting shall have the power to adjourn the meeting from time to time until a quorum shall be constituted. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting.
- (b) **Voting Rights.** Except as otherwise provided by the Act, applicable Indiana law, or the Articles of Incorporation, every Member shall have the right at every meeting of the Member to one (1) vote on all matters coming before the meeting, including the election of directors.
- (c) **Required Vote.** When a quorum is present at any meeting, the vote of the Member present having voting power shall decide any question brought before such meeting.
- (d) **Proxies.** The Member may vote at all meetings either in person or by proxy executed in writing by the Member. All proxies must be filed with the Secretary before being voted. No proxy is valid after eleven (11) months from its date of execution unless otherwise provided in the proxy.

Section 6 **Consent Action by Member.** Any action required to be taken at a meeting of the Member may be taken without a meeting if, prior to such action, a consent in writing, setting forth the actions so taken, is signed by the Member entitled to vote with respect to the subject matter thereof, and such written consent shall be filed with the minutes of the proceedings of the Member. Action taken under this Section 6 is effective when the Member entitled to vote on the action signs the consent, unless the consent specifies a different, prior or subsequent effective date.

Section 7 **Succession and Addition of Member.** New Member(s) may be elected by the existing Member.

ARTICLE IV

Board of Directors

Section 1 **Number, Election and Term of Office.** The affairs of the Corporation shall be managed by the Board of Directors. Except as otherwise provided in the Articles of Incorporation, the number of directors of the Corporation shall be nine (9) unless changed by amendment of this Section 1.

Directors shall be elected at the annual meeting of the Member, or, if not so elected, at any special meeting of the Member or by the written consent action of the Member.

The Board of Directors of the Corporation shall be divided into two (2) classes as nearly equal as possible, with a term of office of (1) class expiring each year. The two (2) classes of directors shall be filled such that the directors of the first class (designated as "Class I") shall be elected to hold office for a term expiring at the annual meeting of the Member in 2006, and the directors of the second class (designated as "Class II"), shall be elected to hold office for a term expiring at the annual meeting of the Member in 2007.

Commencing with the annual meeting of the Member in 2006, and in each annual meeting of the Member thereafter, the directors in the class whose term shall then expire shall be elected to a term of two (2) years and until their respective successors are duly elected and qualified or until their earlier resignation, removal, incapacity or death.

No director may serve as a director for a consecutive period of more than four (4) two (2) year terms plus any partial term for which a director is appointed to fill a vacancy or a newly-created position on the Board of Directors; provided, however, that this limitation shall not apply to a director who is also a director, officer and/or employee of the Member, or an employee of the Corporation. Once the director's tenure in office has been completed pursuant to the provisions of the previous sentence, such person may be again elected to the Board of Directors after a period of at least one (1) year during which time such person did not serve as a member of the Board of Directors. Nothing contained in this Section 1 shall prevent any person from being appointed as a non-director member of a committee or from serving as an officer of the Corporation unless these By-Laws require such person to be a director in order to so serve.

No decrease in the number of directors shall have the affect of shortening the term of any incumbent director.

Section 2 **Vacancies.** Any vacancy occurring on the Board of Directors caused by an increase in the number of directors by the amendment of Article IV, Section 1, or by resignation, removal, incapacity, death or otherwise, shall be filled until the next annual meeting of the Member by either the vote or written consent action of the Member, with the director so elected to serve for the remainder of the term of the director being replaced or, in the case of an additional director, for the remainder of the term of either the Class I or Class II directors, to which the director had been assigned. When the number of directors is changed, any newly-created directorships or any decrease in directorships shall be so assigned between the Class I and Class II directors by the Member so as to make the classes as nearly equal in number as practicable.

Section 3 **Removal of Directors.** Any member of the Board of Directors shall be automatically removed as director, without the necessity for further action of the Member, if such director is absent from three (3) consecutive regular meetings (including, for this purpose, the annual meeting) of the Board of Directors. Such automatic removal shall be effective as of the adjournment of such third (3rd) consecutive meeting. In addition, any member of the Board of Directors may be removed with or without cause at a meeting of the Board of Directors called expressly for that purpose, by a vote of two-thirds (2/3) of the entire Board of Directors. Furthermore, any member of the Board of Directors may be removed, with or without cause, at any time by the vote or written consent action of the Member.

Section 4 **Resignations.** A director may resign at any time by giving written notice to the President, Board of Directors or the Chairperson. Any such resignation shall take effect upon receipt of

such notice or at any later time specified therein; and, unless otherwise specified therein, no acceptance of such resignation shall be necessary to make it effective.

Section 5 **Regularly Scheduled Meetings.**

- (a) **Annual Meeting.** The annual meeting of the Board of Directors for the election of officers and for the transaction of such other business as may properly come before the meeting shall be held immediately following the annual meeting of the Member during the month of April in each year on such date as shall be determined by the Member. Failure to hold the annual meeting during such month shall not work any forfeiture or dissolution of the Corporation and shall not affect otherwise corporate acts.
- (b) **Regular Meetings.** Subject to changes approved by the Board of Directors, a regular meeting of the Board of Directors shall be held in each even numbered month of the year. The annual meeting of directors shall be held in place of one of such regular meetings.
- (c) **Schedule.** A schedule showing the annual meeting and the regular meetings of the Board of Directors for the fiscal year shall be distributed to each director. A change in the date or time for any of the meetings on such schedule shall be communicated to each director at least six (6) days prior to the changed meeting.
- (d) **Location.** Unless otherwise determined by the Board of Directors, all meetings of the Board of Directors shall be held at the office of the Corporation or at such other location within Marion County, Indiana, or the counties adjacent to Marion County.

Section 6 **Special Meetings.** Special meetings of the Board of Directors may be called by the President, the Chairperson or one-fifth (1/5) of the directors then in office. The location of any special meeting shall be determined by the person(s) calling such meeting, but such location must be at the office of the Corporation, or at some other location within Marion County, Indiana, or the counties adjacent to Marion County.

Section 7 **Notice.** Unless the Act requires a longer notice period, notice of the time and place of the annual meeting, regular meetings and any special meeting of the Board of Directors shall be served upon each director at the director's usual place of business or residence at least forty-eight (48) hours prior to the meeting. Notice may be given by telephone, mail, wire or wireless transmission (including "e-mail" and "fax" transmissions) or personal delivery. Directors, in lieu of such notice, may sign a written waiver of notice either before, during or after the meeting. The waiver must be filed with the minutes or the records of the Corporation. Attendance by a director in person at any such meeting of the Board of Directors shall constitute a waiver of notice unless the director at the beginning of the meeting or promptly upon the director's arrival objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting.

Section 8 **Quorum.** A majority of the actual number of directors elected and qualified, from time to time, shall be necessary to constitute a quorum for the transaction of any business. The act of a majority of the directors present at the meeting, at which a quorum is present, shall be the act of the Board of Directors, unless the act of a greater number is required by the Act, the Articles of Incorporation, or these By-Laws. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file a written dissent to such action with the Secretary of the meeting before adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the

adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action and did not change his or her vote prior to the time that the result of such vote was announced by the Chairperson of such meeting.

Section 9 **Consent Action by Directors.** Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the Board of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or such committee. Action taken under this Section 9 is effective when the last director or committee signs the consent, unless the consent specifies a different prior or subsequent effective date.

Section 10 **Meeting Participation by Conference Telephone.** Any or all of the Board of Directors or of a committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of a conference telephone, video conference or similar communications equipment by which all persons participating in the meeting can communicate with each other, and participation in this manner constitute presence in person at the meeting.

ARTICLE V

Committees

The Board of Directors may create one (1) or more committees to assist it in carrying out any of the purposes of the Corporation, define the responsibilities of such committee or committees, delegate to such committee or committees powers as the Board of Directors determines to be appropriate and appoint at least two (2) directors to serve on each committee created in accordance with this Article V.

ARTICLE VI

Officers

Section 1 **Principal Officers.** The principal officers of the Corporation shall be a Chairperson, a President, a Treasurer and a Secretary. The Corporation may also have such subordinate officers as may be appointed in accordance with the provisions of these By-Laws. Any of the offices may be held by the same person.

Section 2 **Election and Term of Office.** The principal officers of the Corporation shall be chosen annually at the annual meeting of the Board of Directors by a vote of a majority of the directors then in office. Each officer shall hold office for a period ending at the next annual meeting of the Board of Directors and until such officer's successor shall have been duly chosen and qualified, or until such officer's death, or until such officer shall resign, or until such officer shall have been removed in the manner hereinafter provided.

Section 3 **Removal.** Any principal officer may be removed, either with or without cause, at any time, by resolution adopted at a meeting of the Board of Directors by a majority of the directors then entitled to vote.

Section 4 **Subordinate Officers.** In addition to the principal officers enumerated in Article VI, Section 1, the Corporation may have one or more Assistant Treasurers, one or more Assistant Secretaries and such other officers, agents and employees as the Board of Directors may deem necessary and as it shall select, each of whom (a) shall hold office for such period as the Board of Directors shall

determine, (b) may be removed with or without cause, and (c) shall have such authority and perform such duties as the Chairperson or Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Section 5 **Resignations.** Any officer may resign at any time by giving written notice to the Board of Directors, the Chairperson or the Secretary. Any such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, no acceptance of such resignation shall be necessary to make it effective.

Section 6 **Vacancies.** Any vacancy in any office may be filled by the Board at any regular or special meeting of the Board.

Section 7 **Chairperson.** The Chairperson shall be chosen from among the directors and shall preside at all meetings of the Board of Directors. The Chairperson shall have no other executive or administrative responsibilities unless otherwise assigned by the Board of Directors. In general, the Chairperson shall perform all duties and have all powers incident to the office of Chairperson, as herein defined, and all such other duties and powers as, from time to time, may be assigned to the Chairperson by the Board of Directors.

Section 8 **President.** The President shall be the chief executive officer of the Corporation and as such shall have general supervision of the affairs of the Corporation, subject to the control of the Board of Directors. Subject to the control and direction of the Board of Directors, the President may enter into any agreement and may execute and deliver any agreement, instrument or document in the name and on behalf of the Corporation. In general, the President shall perform all duties and have all the powers incident to the office of President, as herein defined, and all such other duties and powers as, from time to time, may be assigned to the President by the Board of Directors.

Section 9 **Treasurer.** The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the Corporation and shall deposit all such funds in the name of the Corporation in such banks or other depositories as shall be selected by the Board of Directors. The Treasurer shall upon request exhibit at all reasonable times the books of account and records to any of the directors of the Corporation during business hours at the office of the Corporation where such books and records shall be kept; shall render upon request by the Board of Directors a statement of the condition of the Corporation at any meeting of the Board of Directors; shall receive, and give receipt for, monies due and payable to the Corporation from any source whatsoever; and, in general, shall perform all duties as from time to time may be assigned by the Chairperson or the Board of Directors. The Treasurer shall give such bond, if any, for the faithful discharge of his or her duties as the Board of Directors may require.

Section 10 **Secretary.** The Secretary shall keep or cause to be kept in the books provided for that purpose the minutes of the meetings of the Board of Directors; shall duly give and serve all notices required to be given in accordance with the provisions of these By-Laws and by the Act; shall be custodian of the records of the Corporation and attest to all documents, the execution of which on behalf of the Corporation under the Secretary's attestation is duly authorized in accordance with the provisions of these By-Laws; and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned by the Chairperson or the Board of Directors.

Section 11 **Corporation's Voting Memberships and Securities.** Unless otherwise ordered by the Board of Directors, and subject to the direction of the Board of Directors, the President and the Secretary, and each of them, are appointed attorneys and agents of the Corporation, and shall have full power and authority in the name and on behalf of the Corporation, to attend and to act at, and to vote all

memberships and all stock or other securities entitled to be voted at, any meetings of members or security holders of such foundations (whether for-profit or non-profit) or associations in which the Corporation may hold memberships or securities, in person or by proxy, as a member, stockholder or otherwise, and at such meetings shall possess and may exercise any and all rights and powers incident to the holding of such memberships or the ownership of such securities, and which as the holder or owner thereof, the Corporation might have possessed and exercised, if present, or to consent in writing to any action by any such other foundation or association. The Board of Directors by resolution from time to time may confer like powers upon any other person or persons.

Section 12 **Duties of Officers May Be Delegated.** If any officer of the Corporation is absent or unable to act, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate for a period of time some or all of the functions, duties, powers and responsibilities of any officer to any other officer, or to any other agent or employee of the Corporation or any other responsible person, provided a majority of the entire Board of Directors concurs therein. Any person serving in an interim or acting position for any office shall be deemed an “officer” for purposes of these By-Laws.

ARTICLE VII

Conflict of Interest Policy

Section 1 **Purpose.** The purpose of the conflict of interest policy is to protect the Corporation’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Corporation or might result in a possible Excess Benefit Transaction (as that term is defined below). This policy is intended to supplement, but not replace, any applicable state and Federal laws governing conflict of interest applicable to non-profit and charitable organizations.

Section 2 **Definitions.** For purpose of this Article VII, the following terms shall have the following meanings:

- (a) “Compensation” shall mean direct or indirect remuneration as well as gifts or favors that are not insubstantial.
- (b) “Excess Benefit Transaction” shall mean any transaction or arrangement in which an economic benefit is provided by the Corporation, directly or indirectly, to or for the use of any Interested Person (including members of his or her family and any entity which is thirty-five percent (35%) owned or controlled by such Interested Person) if the value of the economic benefit provided exceeds the value of the consideration (including the performance of services) received for providing such benefit.
- (c) “Financial Interest” shall mean any person who has, directly or indirectly, through business, investment, or family relationship, any of the following:
 - (i) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement; or
 - (ii) A Compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement; or

- (iii) A potential ownership or investment interest in, or Compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

A Financial Interest is not necessarily a conflict of interest. Under Article VII, Section 4, a person who has a Financial Interest may have a conflict of interest only if the appropriate Board of Directors or committee decides that a conflict of interest exists.

- (d) “Interested Person” shall mean any director, officer, or member of a committee (with powers delegated from the Board of Directors) who has a direct or indirect Financial Interest. If a person is an Interested Person with respect to any entity in the corporate organization of which the Corporation is a part, he or she is an Interested Person with respect to all entities in that system.

Section 3 **Duty to Disclose.** In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his or her Financial Interest to the directors and members of committees with powers delegated from the Board of Directors considering the proposed transaction or arrangement.

Section 4 **Determining Whether a Conflict of Interest Exists.** After disclosure of the Financial Interest and all material facts, and after any discussion with the Interested Person, the Interested Person shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board of Directors or committee members shall decide if a conflict of interest exists.

Section 5 **Procedures for Addressing the Conflict of Interest.**

- (a) An Interested Person may make a presentation at the Board of Directors or committee meeting, but after the presentation, the Interested Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- (b) The Chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (c) After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- (d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation’s best interest, for its own benefit, and whether the transaction or arrangement is fair and reasonable to the Corporation. In conformity with the above determination the Board of Directors or committee shall make its decision as to whether to enter into the transaction or arrangement.

Section 6 **Violations of the Conflict of Interest Policy.**

- (a) If the Board of Directors or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- (b) If, after hearing the member's response and after making such further investigation as may be warranted by the circumstances, the Board of Directors or committee determines that the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 7 **Records of Proceedings.** The minutes of the Board of Directors or committees with powers delegated from the Board of Directors shall contain:

- (a) The names of the persons who disclosed or otherwise were found to have a Financial Interest in connection with an actual or possible conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest was present, and the Board of Director's or committee's decision as to whether a conflict of interest in fact existed; and
- (b) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Section 8 **Compensation.**

- (a) A voting member of the Board of Directors who receives Compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's Compensation.
- (b) A voting member of any committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's Compensation.
- (c) No voting member of the Board of Directors or any committee whose jurisdiction includes Compensation matters and who receives Compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing any information to any committee regarding Compensation.

Section 9 **Annual Statements.** Each director, officer and member of a committee with powers delegated from the Board of Directors shall annually sign a statement which affirms that such person:

- (a) Has received a copy of the conflicts of interest policy;
- (b) Has read and understands the policy;

- (c) Has agreed to comply with the policy; and
- (d) Understands that the Corporation is a charitable organization and that in order to maintain its Federal tax exemption it must engage primarily in activities that accomplish one (1) or more of its tax-exempt purposes.

Section 10 Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- (a) Whether Compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining; and
- (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further the Corporation's charitable purposes and do not result in inurement, impermissible private benefit or in an Excess Benefit Transaction.

Section 11 Use of Outside Experts. When conducting the periodic reviews provided for in this Article VII, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

ARTICLE VIII

Indemnification

Section 1. Definitions. For purposes of this Article, the following terms shall have the following meanings:

(a) "Liabilities" and "Expenses" shall mean monetary obligations incurred by or on behalf of a director or officer in connection with the investigation, defense or appeal of a Proceeding or in satisfying a claim thereunder and shall include, but shall not be limited to, attorneys' fees, paralegal fees, court costs, filing fees, fees and costs incurred in arbitration, mediation or other forms of alternative dispute resolution, costs of investigations, experts (including, without limitation, accounting, criminal and forensic experts) and disbursements, amounts of judgments, fines or penalties, excise taxes assessed with respect to an employee benefit plan, and amounts paid in settlement by or on behalf of a director or officer.

(b) "Other Enterprise" shall mean any corporation, partnership, limited liability company, limited liability partnership, joint venture, trust, employee benefit plan or other enterprises, whether for profit or not, for which a director or officer is or was serving, at the request of the Corporation, as a director, officer, member, manager, partner, trustee, employee or agent. The phrase "at the request of the Corporation" shall include a request made by resolution of the Board of Directors or by action of any corporate officer to any director or other officer of the Corporation.

(c) "Proceeding" shall mean any claim, action, suit or proceeding (whether brought against, by or in the right of the Corporation or Other Enterprise or otherwise), civil, criminal, administrative or investigative, whether formal or informal, including arbitration, mediation or other forms of alternative dispute resolution and whether actual or threatened or in connection with an appeal relating thereto, in which a director or officer may become involved, as a party or otherwise, (i) by reason of being or having been a director or officer of the Corporation (and, if applicable, an employee or agent of the Corporation) or a director, officer, member, manager, partner, trustee, employee, member, or agent of an Other Enterprise or arising out of his or her status as such, or (ii) by reason of any past or future action taken or not taken by a director or officer in any such capacity, whether or not he or she continues to be such at the time he or she incurs Liabilities and Expenses under the Proceeding.

(d) "Standard of Conduct" shall mean that a director or officer, based on facts then known to the director or officer, discharged the duties as a director or officer, including duties as a member of a committee, in good faith in what he or she reasonably believed to be in or not opposed to the best interests of the Corporation or Other Enterprise, as the case may be, and, in addition, in any criminal Proceeding had reasonable cause to believe his or her conduct was lawful or had no reasonable cause to believe that his or her conduct was unlawful. The termination of any Proceeding, by judgment, order, settlement (whether with or without court approval) or conviction or upon a plea of guilty, shall not create a presumption that the director or officer did not meet the Standard of Conduct. The termination of any Proceeding by a consent decree or upon a plea of nolo contendere, or its equivalent, shall create the presumption that the director or officer met the Standard of Conduct.

Section 2. Indemnification. If a director or officer is made a party to or threatened to be made a party to, or is involved as a witness or otherwise in any Proceeding, the Corporation shall indemnify the director or officer against Liabilities and Expenses incurred by him or her in connection with such Proceeding in the following circumstances:

(a) If a director or officer has been wholly successful on the merits or otherwise with respect to any such Proceeding, he or she shall be entitled to indemnification for Liabilities and Expenses as a matter of right. If a Proceeding is terminated against the director or officer by consent decree or upon a plea of nolo contendere, or its equivalent, the director or officer shall not be deemed to have been "wholly successful" with respect to such Proceeding; or

(b) In all other situations, a director or officer shall be entitled to indemnification for Liabilities and Expenses as a matter of right unless (i) the director or officer has breached or failed to perform his or her duties with respect to the Corporation or Other Enterprise as a director or officer in compliance with the Standard of Conduct and (ii) with respect to any action or failure to act by the director or officer which is at issue in such Proceeding, such action or failure to act constituted willful misconduct or recklessness. To be entitled to indemnification pursuant to this Section 2, the director or officer must notify the Corporation of the commencement of the Proceeding in accordance with Section 5 and request indemnification. A review of the request for indemnification and the facts and circumstances underlying the Proceeding shall be made in accordance with one of the procedures described below; and the director or officer shall be entitled to indemnification as a matter of right unless, in accordance with such procedure, it is determined beyond a reasonable doubt that (i) the director or officer breached or failed to perform the duties of the office in compliance with the Standard of Conduct, and (ii) the breach or failure to perform constituted willful misconduct or recklessness. Any one of the following procedures may be used to make the review and determination of a director's or officer's request for indemnification under this Section 2(b):

(A) by the Board of Directors by a majority vote of a quorum consisting of directors who are not parties to, or who have been wholly successful with respect to, such Proceeding;

(B) if a quorum cannot be obtained under (A) above, by a majority vote of a committee duly designated by the Board of Directors (in the designation of which, directors who are parties to such Proceeding may participate), consisting solely of two or more directors who are not parties to, or who have been wholly successful with respect to, such Proceeding;

(C) by independent legal counsel selected by a majority vote of the full Board of Directors (in which selection, directors who are parties to such Proceeding may participate) and which may be outside counsel regularly employed by the Corporation; or

(D) by a committee consisting of three (3) or more disinterested persons selected by a majority vote of the full Board of Directors (in which selection, directors who are parties to such Proceeding may participate).

Any determination made in accordance with the above procedures shall be binding on the Corporation and the director or officer.

(c) If several claims, issues or matters of action are involved, a director or officer may be entitled to indemnification as to the some matters even though he or she is not entitled to indemnification as to other matters.

(d) The indemnification herein provided shall be applicable to Proceedings made or commenced after the adoption of this Article, whether arising from acts or omissions to act which occurred before or after the adoption of this Article.

Section 3. Prepaid Liabilities and Expenses. The Liabilities and Expenses which are incurred or are payable by a director or officer in connection with any Proceeding shall be paid by the Corporation in advance, with the understanding and agreement between such director or officer and the Corporation, that, in the event it shall ultimately be determined as provided herein that the director or officer was not entitled to be indemnified, or was not entitled to be fully indemnified, the director or officer shall repay to the Corporation such amount, or the appropriate portion thereof, so paid or advanced.

Section 4. Exceptions to Indemnification. Notwithstanding any other provisions of this Section to the contrary, the Corporation shall not indemnify a director or officer:

(a) for any Liabilities and Expenses for which payment is actually made to or on behalf of a director or officer under a valid and collectible insurance policy, except in respect of any excess beyond the amount of payment under such insurance; or

(b) for any Liabilities or Expenses incurred in a suit or claim against the director or officer arising out of or based upon actions attributable to the director or officer in which the director or officer gained any personal profit or advantage to which he or she was not legally entitled.

Section 5. Notification and Defense of Proceeding. Promptly after receipt by a director or officer of notice of the commencement of any Proceeding, the director or officer will, if a request for indemnification in respect thereof is to be made against the Corporation under this Article, notify the Corporation of the commencement thereof; but the failure to so notify the Corporation will not relieve it from any obligation which it may have to the director or officer under this Article or otherwise. With respect to any such Proceeding as to which the director or officer notifies the Corporation of the commencement thereof:

(a) the Corporation will be entitled to participate therein at its own expense; and

(b) except as otherwise provided below, to the extent that it may so desire, the Corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel reasonably satisfactory to the director or officer. After notice from the Corporation to the director or officer of its election to assume the defense of the director or officer in the Proceeding, the Corporation will not be liable to the director or officer under this Article for any legal or other Expenses subsequently incurred by the director or officer in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The director or officer shall have the right to employ counsel in such Proceeding, but the Expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the director or officer unless:

(A) the employment of counsel by the director or officer has been authorized by the Corporation;

(B) the director or officer shall have reasonably concluded that there may be a conflict of interest between the Corporation and the director or officer in the conduct of defense of such Proceeding; or

(C) the Corporation shall not in fact have employed counsel to assume the defense of such Proceeding;

in each of which cases the Expenses of counsel employed by the director or officer shall be paid by the Corporation. The Corporation shall not be entitled to assume the defense of any Proceeding brought by the Corporation or as to which the director or officer shall have made the conclusion provided for in (B) above.

(c) The Corporation shall not be liable to indemnify a director or officer under this Article for any amounts paid in settlement of any Proceeding without the Corporation's prior written consent. The Corporation shall not settle any action or claim in any manner which would impose any penalty or limitation on a director or officer without the director or officer's prior written consent. Neither the Corporation nor a director or officer will unreasonably withhold consent to any proposed settlement.

Section 6 Enforcement. Any indemnification under this Article VIII shall be made promptly upon the director or officer being wholly successful on the merits or otherwise with respect to any Proceeding or upon the determination in accordance with Section 2(b) of this Article VIII that the director or officer is entitled to indemnification. Any advancement of Expenses under this Article VIII shall be made promptly after receipt by the Corporation of a written request from the person seeking advancement of Expenses including such person's undertaking to repay all amounts so advanced (as required by Section 3 of this Article VIII). Any right of a director or officer to indemnification or advancement of Expenses as granted by this Article may be enforceable by such director or officer in any

court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within thirty (30) days after receipt by the Corporation of request therefor.

Section 7. Other Rights and Remedies. The rights of indemnification provided under this Article are not exhaustive and shall be in addition to any rights to which a director or officer may otherwise be entitled by contract or as a matter of law. Irrespective of the provisions of this Article, the Corporation may, at any time and from time to time, indemnify directors, officers, employees and other persons to the full extent permitted by the provisions of the Act, or any successor law, as then in effect, whether with regard to past or future matters.

Section 8. Continuation of Indemnity. All obligations of the Corporation under this Article shall survive the termination of a director's or officer's service in any capacity covered by this Article.

Section 9. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director or officer or other person or any person who is or was serving or has agreed to serve at the request of the Corporation as a director, officer, member, manager, partner, trustee or agent of an Other Enterprise against any liability asserted against such person and incurred by such person in any capacity or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of applicable statutes, this Article or otherwise.

Section 10. Contractual Rights and Applicability. It is the intent of this Article VIII to empower the Corporation to provide indemnification and advancement of Expenses to the fullest extent allowed by law. Except as otherwise expressly provided herein, indemnification shall be provided without regard to the legal or equitable theory of the Proceeding, including but not limited to criminal claims, conspiracy claims, joint, several, comparative or sole negligence, breach of contract or warranty, strict liability, breach of fiduciary duty, mismanagement, corporate waste, or violation of federal or state securities law or any other law, regulation or policy. The right to be indemnified or be reimbursed or advanced Expenses pursuant hereto (a) is a contract right based upon good and valuable consideration, pursuant to which the person entitled thereto may bring suit as if the provisions thereof were set forth in a separate written contract between the person and the Corporation, (b) is intended to be retroactive and shall be available with respect to events occurring prior to the adoption hereof, (c) shall continue to exist after the rescission or restrictive modification hereof with respect to events occurring prior thereto, and (d) shall inure to the benefit of the heirs and personal representatives of any present or former director, or officer.

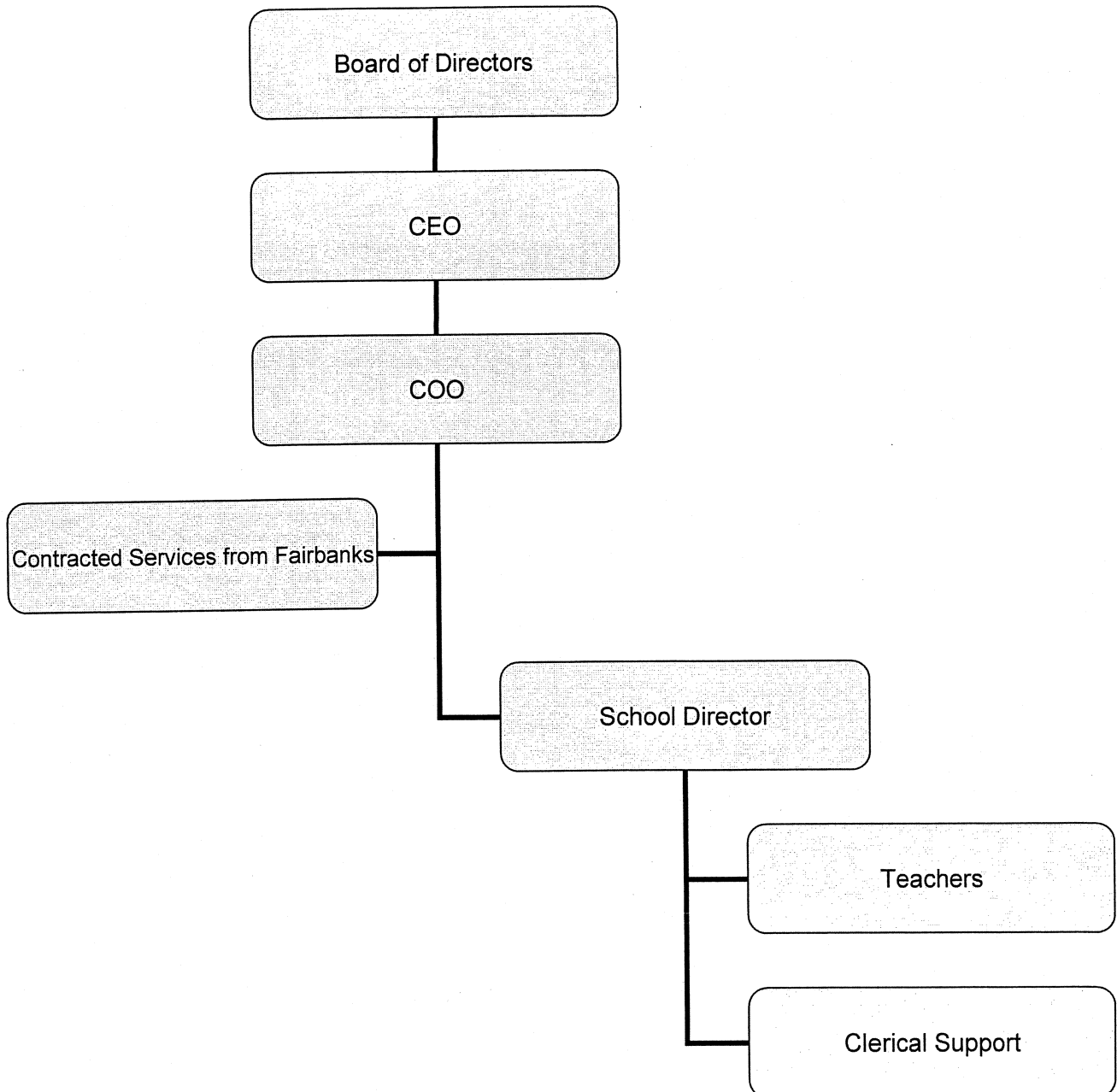
If any portion of this Article VIII shall be invalidated on any ground by any court of competent jurisdiction, or in any arbitration proceeding, then the Corporation shall nevertheless indemnify each person entitled to indemnification or advancement of Expenses under this Article VIII as to all Liabilities and Expenses actually and reasonably incurred or suffered by such person and for which indemnification is available to such person pursuant to this Article VIII to the full extent permitted by any applicable portion of this Article VIII that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE IX

Amendments

The Corporation reserves the right to make, amend, alter, change or repeal any provisions contained in the By-Laws of the Corporation or in any amendment thereto, by a majority vote of the members of the Board of Directors; provided, however, that no corporate action purporting to amend the By-Laws shall be effective unless that action is approved and adopted, in writing, by the Member, and such power shall not authorize any amendment, alteration, change or repeal which would have the effect of disqualifying the Corporation as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), or would have the effect of disqualifying contributions to the Corporation for deduction under Section 170(c)(2), Section 2055(a)(2) or Section 2522 of the Code. Directors must be given at least three (3) days notice of any special, regular or annual meeting of the Board of Directors at which an alteration, amendment or repeal of the By-Laws will be considered. Such notice shall be accompanied by a draft of the proposed change to the By-Laws; provided, however, that the Board of Directors shall have full power and authority to adopt different language from that contained in such draft in altering, amending or repealing these By-Laws.

Recovery High School at Fairbanks, Inc.



*Risk Services*

Mary Pulley
Managing Director – Healthcare
Aon Risk Services Inc. of Indiana
201 N. Illinois Street, Suite 1400
Indianapolis, Indiana 46204
317-237-2405 phone
312-237-2469

Helene M. Cross
President and Chief Executive Officer
Fairbanks Hospital
8102 Clearvista Parkway
Indianapolis, Indiana 46256

RE: Recovery High School

Dear Helene:

We have had discussions with your current carrier, Scottsdale, who we access through Aon's wholesale operation of Swett and Crawford, regarding the coverage for the Recovery High School at Fairbanks. Scottsdale is willing to add this exposure to your current policies for an additional premium. They will add all the necessary extensions of coverage that is usual and customary to educational facilities.

In our initial discussions with Scottsdale, they gave an estimate of \$400 per student for the cost to add the coverage to your primary policy. The premium to increase the umbrella policy from \$5,000,000 to \$9,000,000 should be in the \$20,000 - \$25,000 range. All of these numbers are the best estimates we are able to provide to Fairbanks given the current insurance marketplace. Changes in the industry could increase or decrease these estimates when we are ready to place coverage. At that time, Aon will market the coverage to make sure we secure the broadest coverage for the most economical premium.

If you have any other questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Pulley".

Mary Pulley
Director of Healthcare

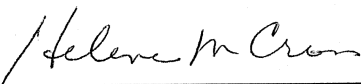
Assurances Form

This form must be signed by a duly authorized representative of the applicant and submitted with the Full Application. An application will be considered incomplete if it is not accompanied by the Assurances Form signed by an authorized individual.

As the authorized representative of the applicant, I hereby certify that the information submitted in this application for a charter for The Recovery High School at Fairbanks (name of school) to be located at 8102 Clearvista Parkway, Indianapolis is true to the best of my knowledge and belief; and further I understand that, if awarded a charter, the school:

1. will not charge tuition, fees, or other mandatory payments for attendance at the charter school, or for participation in its programs, except for a preschool program or a latch key program. IC 20-5.5-8-2
2. will enroll any eligible student who submits a timely application, unless the school receives a greater number of applications than there are spaces for students, in which case, each timely applicant will be given equal chance of admission. IC 20-5.5-5-4
3. will provide the number of students enrolled in the charter school, the name of each student and the school corporation in which each student resides to the Indiana Department of Education by the date established thereby. IC 20-5.5-7-3
4. will submit an annual report to the Indiana Department of Education in the form required thereby. IC 20-5.5-9-1
5. will submit attendance records, student performance data, financial information, any information necessary to comply with state and federal government requirements, and any other information specified in the charter to the Mayor's Office. IC 20-5.5-9-5
6. will participate in the Indiana State Teachers' Retirement Fund in accordance with IC 21-6.1 and the Public Employees Retirement Fund in accordance with IC 5-10.3. IC 20-5.5-6-7
7. will maintain separate accountings of all funds received and disbursed by the school. IC 20-5.5-7-1
8. will employ individuals who teach that hold a license to teach in a public school in Indiana under I.C. 20-6.1-3 or are in process of obtaining a license to teach in a public school in Indiana under the transition to teaching program set forth in IC 20-6.1-3.11. IC 20-5.5-6-5
9. will permit certified employees at the charter school the opportunity to organize and bargain collectively under I.C. 20-7.5. IC 20-5.5-6-3

10. will operate with the organizer serving in the capacity of fiscal agent for the charter school and in compliance with generally accepted government accounting principles.
11. will at all times maintain all necessary and appropriate insurance coverage.
12. will indemnify and hold harmless the City of Indianapolis (including without limitation, the Mayor's Office), the State of Indiana, all school corporations providing funds to the charter school, and their officers, directors, agents and employees, and any successors and assigns from any and all liability, cause of action, or other injury or damage in any way relating to the charter school or its operation.
13. will follow all federal and state laws and constitutional provision that prohibit discrimination on the basis of the following: disability, race, color, gender, national origin, religion and ancestry. IC 20-5.5-2-2
14. will adhere to all provisions of federal law relating to students with disabilities, including the IDEA, section 504 of the Rehabilitation Act of 1974, and Title II of the Americans with Disabilities Act of 1990, that are applicable to it.
15. will be non-religious in its programs, admission policies, governance, employment practices and all other operations, and its curriculum will be completely secular.
16. will adhere to all provisions of federal law relating to students who are limited English proficient (LEP), including Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974, that are applicable to it.
17. will follow any and all other federal, state and local laws and regulations that pertain to the applicant or the operation of the charter school.



Authorized Representative's Signature

7-1-05

Date

Five-Year Budget Template

Proposed Charter School:

Proposed Charter School:												
	Pre-Opening From approval to opening	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
		2006/2007	2007/2008	2008/2009	2009/2010	2010/2011						
		07/06 - 06/07	07/07 - 06/08	07/08 - 06/09	07/09 - 06/10	07/10 - 06/11						
		02/05 - 06/06										
I. Revenues												
Carry-over from previous period		(\$90,713)										75
Per Pupil Payments @\$4800 per pupil		\$115,200	\$192,000	\$240,000	\$288,000						\$360,000	
State Grants Planning grants (1yr), Impl (2yrs)												
Federal Grants												
Private Funds Gates, Fairbanks	\$12,000											
Student Fees		\$4,800	\$8,000	\$10,000	\$12,000	\$15,000						
Other (Briefly detail) Lunch Revenue		\$15,749	\$26,248	\$32,810	\$39,372	\$49,215						
Total Revenues	\$12,000	\$45,036	\$226,248	\$282,810	\$339,372	\$424,215						
II. Expenditures												
Human Resources												
Director/ Principal Salary	\$56,250	\$75,000	\$77,250	\$79,568	\$81,955	\$84,413						
Teachers (FT) Salaries / School Counselor		\$90,000	\$103,000	\$141,200	\$145,436	\$180,699						
Clerical Salaries					\$10,000	\$10,300						
Consultants Salaries/Contracts	\$10,000											
Special Education		\$15,000	\$15,450	\$15,914	\$16,391	\$16,882						
Other (Admin.Staff) Salaries												
Payroll Taxes	\$5,963	\$14,850	\$16,223	\$19,869	\$21,365	\$24,787						
Benefits		\$37,950	\$41,458	\$50,777	\$54,600	\$63,345						
Professional Development		\$2,500	\$2,500	\$2,500	\$2,500	\$2,500						
Substitute Teachers		\$1,650	\$1,670	\$2,190	\$2,190	\$2,504						
Board Recruitment												
Board Development												
Other Human Resources Expenses												
Total Human Resources	\$72,213	\$236,950	\$257,550	\$312,017	\$334,436	\$385,430						
Facility												
Rent - (1 bldgs 24x88 - 2 Classrooms 24x44)	\$4,000	\$18,000	\$18,540	\$10,560	\$10,877	\$11,203						
Mortgage												
Renovation/Construction												
Debt Service												
Utilities	\$500	\$2,400	\$2,472									
Maintenance		\$600	\$618									
Other Facility Expenses												
Total Facility	\$4,500	\$21,000	\$21,630	\$10,560	\$10,877	\$11,203						

Materials/Supplies/Equipment									
Textbooks and Other Instructional Supplies @(\$300 per st.)									
Assessments @(\$75 per st.)		\$7,200	\$12,000	\$15,000	\$18,000	\$22,500			
Instructional Equipment		\$1,800	\$3,000	\$3,750	\$4,500	\$5,625			
Classroom Technology		\$4,000	\$4,000	\$5,000	\$6,000	\$7,000			
Office Technology (1 computer per FTE)		\$10,000	\$15,000	\$15,000	\$15,000	\$15,000			
Instructional Software		\$4,000	\$2,000	\$2,000	\$2,000	\$2,000			
Office Software		\$10,000	\$10,000	\$10,000	\$10,000	\$10,000			
Library	\$5,000	\$500	\$500	\$500		\$500			
Office Furniture									
Classroom Furniture		\$8,000	\$1,000	\$1,000	\$5,000	\$5,000			
Other Equipment		\$2,000	\$1,500	\$1,500	\$1,500	\$2,500			
Copying and Reproduction (\$25 per st.)		\$600	\$1,000	\$1,250	\$1,500	\$1,875			
Telephone/Fax Lines		\$844	\$869	\$895	\$922	\$950			
Long Distance Telephone Expenses		\$100	\$103	\$106	\$109	\$113			
Internet Access		\$500	\$515	\$530	\$546	\$563			
Other Materials/Supplies/Equipment									
Total Materials/Supplies/Equipment	\$5,000	\$49,544	\$51,487	\$56,532	\$63,078	\$73,625			
Additional Costs									
Contracted Services	\$0	\$46,899	\$48,306	\$49,756	\$51,248	\$52,786			
Business Services	\$0	\$0	\$0	\$0	\$0	\$0			
Insurance		\$40,000	\$42,000	\$44,100	\$46,305	\$48,620			
Marketing/Development	\$10,000	\$7,500	\$5,000	\$5,000	\$5,000	\$5,000			
Legal Expenses	\$8,000	\$5,000	\$5,000	\$2,500	\$2,500	\$2,500			
Accounting/Audit	\$2,500	\$10,700	\$8,200	\$8,200	\$8,200	\$8,200			
Transportation		\$650	\$1,000	\$1,000	\$1,000	\$1,000			
Field Trips		\$309	\$318	\$328	\$338	\$348			
Food Service		\$9,292	\$15,486	\$19,358	\$23,229	\$29,037			
Other	\$500								
Total Additional Costs	\$21,000	\$120,350	\$125,311	\$130,241	\$137,820	\$147,491			
Total Revenues	\$12,000	\$45,036	\$226,248	\$282,810	\$339,372	\$424,215			
Total Expenditures	\$102,713	\$427,844	\$455,978	\$509,350	\$546,212	\$617,749			
Annual Net Income (Loss)	(\$90,713)	(\$382,808)	(\$229,730)	(\$226,540)	(\$206,840)	(\$193,534)			
Accumulative Net Income (Loss)	(\$90,713)	(\$382,808)	(\$612,538)	(\$839,079)	(\$1,045,918)	(\$1,239,452)			

**The Recovery High School at Fairbanks
Projected Cash Flow Statement
For the First Fiscal Year of Operations**

	<u>First Year</u>
Statement of Cash Flows	
Net Income from Operations	(\$382,808)
Add back Non-Cash Expenses:	
Depreciation & Amortization	\$0
Provision for Bad Debts	\$0
Net Cash Flow from Operations	<u>(\$382,808)</u>
 Sources (Uses) of Cash	
Accounts Receivable	\$57,600
Inventory	
Prepaid Expenses	
Accounts Payable	
Accrued Liabilities	
Other Liabilities	
Total Sources (Uses) of Cash:	<u>\$57,600</u>
 Net Cash Flow from Operating Activities	(\$325,208)
 Cash at Beginning of Period (pre-opening)	<u>(\$90,713)</u>
 Cash and Equivalents at End of Period	<u><u>(\$415,921)</u></u>